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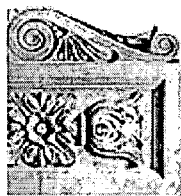
10/10/2008 04:37 PM

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Subject Fw: E&E News - PM - HAZARDOUS WASTE: Insurer to pay
\$42.5M for clothing company sites

FYI. An article about the settlement.

----- Forwarded by Delmar Karlen/R2/USEPA/US on 10/10/2008 04:36 PM -----



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01/09/2008 05:11 PM

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Subject E&E News - PM - HAZARDOUS WASTE: Insurer to pay
\$42.5M for clothing company sites

Wednesday, January 9, 2008

4. HAZARDOUS WASTE: Insurer to pay \$42.5M for clothing company sites (01/09/2008)

Katherine Boyle, *E&ENews PM* reporter

The insurer for bankrupt underwear manufacturer Fruit of the Loom will pay \$42.5 million to clean hazardous waste at four company sites under a settlement announced today by U.S. EPA.

The American International Specialty Lines Insurance Co. Inc. had previously argued that it was not responsible for the cleanup costs.

"Insurers should take note that they may be liable for the cost of cleaning up their bankrupt clients' environmental messes," Granta Nakayama, assistant administrator of EPA's Enforcement and Compliance Assurance Office, said in a statement. "EPA will keep pursuing companies who pollute the environment."

And Ronald Tenpas, assistant attorney general for the Justice Department's environment and natural resources division, said the settlement shows the government would pursue polluters "or those who inherit their cleanup obligations, whether through insurance arrangements or other agreements."

Two former Fruit of the Loom sites are in Michigan and the others are in New Jersey and Tennessee. The proposed settlement resolves a lawsuit between the insurer and two trusts established after Fruit of the Loom filed for bankruptcy in 1999.

The insurance company filed suit in 2005 after the trusts tried to collect and distribute environmental cleanup damages, claiming it was not responsible for the hazardous waste cleanup. The Justice Department subsequently intervened on behalf of EPA, the Interior Department, the Nuclear Regulatory Commission and the National Oceanic and Atmospheric Administration. Illinois, Michigan, New Jersey and Tennessee also joined the settlement.

Fruit of the Loom and a related company, NWI Land Management Corp., bought seven sites involved in the suit from Velsicol Chemical Corp. in 1986, indemnifying Velsicol for environmental liabilities. Pollutants found at the four sites receiving cleanup funding include pesticides, volatile organic compounds, mercury, DDT, PCBs, chlorobenzene, carbon tetrachloride, trichloroethylene, copper, chromium, zinc, magnesium and radioactive waste materials.

The insurance company must pay \$30 million plus interest from May 15, 2007, as well as 10 annual payments of \$1.25 million to the Fruit of the Loom trusts, according to the proposed settlement. The sites in St. Louis, Mich.; Bergen County, N.J.; and Toone, Tenn.; would receive more than \$12.5 million each for their cleanups. The smaller Breckenridge, Mich., site would receive \$2.1 million.

The agreement is subject to a 30-day public comment period, after which the Justice Department would seek final court approval of the settlement.